



# APPLE in the SMB Workplace

SMBs have taken a shine to all things Apple, yet their limited IT resources are largely focused on Windows. Consider how to fill the gap and make Macs, iPhones, and iPads pay for you. **By Erik Sherman**

**A**PPLE MAY BE HUGE in consumer electronics, but the Mac has only a tiny PC market share. Nevertheless, Zack Schuler, president and CEO of IT service provider Cal Net Technology Group, has found that it can make the difference between getting and losing business.

The Los Angeles-based company had recently bid on an outsourcing contract for a prominent private school. The contest was down to Cal Net and a competitor. The school's office staff ran on Windows-based PCs. Classrooms, laboratories, and the library all ran on Macs. "We won because our competition did not have good Mac support," Schuler says.

For decades, Macs have been big in such

niches as education and graphic design. Now, however, business owners and executives with pull have taken a shine to all things Apple, starting with iPhones and branching out to Macs and iPads. Many businesses are also using iPhone and iPad apps as marketing tools. And yet, SMBs have limited IT resources largely focused on Windows.

It adds up to a stealth marketing strategy for smart VARs: Offer Mac support to clients as a solution for keeping executives happy. Add iPad support, and you're suddenly on the cutting edge. You won't make a business out of switching Microsoft-based companies to Apple, at least for now, but you'll get a foot in the door—and a leg up on your competition.

## APPLE MARKET OPPORTUNITY

It's not as though Apple has overrun the corporate market. Even after rapid growth, Macs still have low single-digit share of new sales in the United States, according to IDC data (see graphic). Not all sales are equal, however. One well-placed Mac can force an IT department into supporting the product line.

"Executives are buying iPhones and then going to the Apple store and buying an iPhone for themselves," says Matina Koester, president of St. Louis-based Digital Partners Inc. (DPI), an Apple authorized reseller. They then demand Mac support. Because many IT departments only have Windows expertise on hand, VARs that can handle Mac issues have an advantage.

Before he joined the Calgary, Alberta-based Web consultancy Ulistic Inc. as senior adviser and partner, Stuart Crawford owned a managed services company. "I lost my share of deals before we looked at Mac seriously," Crawford says. "If one of every 25 opportunities had some sort of Apple product, that was the norm. Now," he says, "we're seeing one in three companies I do business with having a Mac or an iPad on the network."

"In a smaller business of 20 people, there is no corporate standard," Schuler says. "The owner is entrepreneurial-minded and says, 'I want what I want.'" That means a Mac for the boss, even if everyone else uses Windows.

This is likely to continue. A recent study by Nielsen suggests that people from 25 to 36 years old with reported incomes of more than \$100,000 are most likely to buy Apple devices. And almost 40 percent of

iPad owners say that they make more than \$100,000 a year. That's a high correlation between Apple product ownership and professional- and executive-level salaries in a key age group that will only come into greater business responsibility.

In addition, iPhones and iPads get businesspeople to reconsider what they want to use as client devices. "The iPhone is a life-changing tool, where you can get information at your fingertips," says Tom Karpowich, CEO of Straight Arrow Consulting Inc., a Tampa, Fla.-based VAR focused on Microsoft Dynamics ERP products. "What we're seeing is questions [about using] an iPhone or iPad as a front end. People want the usability of Apple products, but in the corporate world, they still have to tie something into the back end."

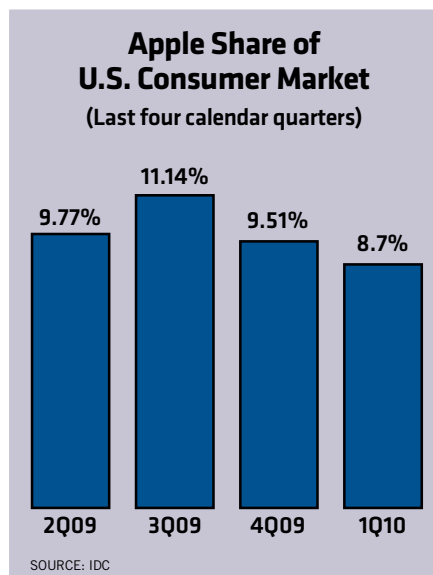
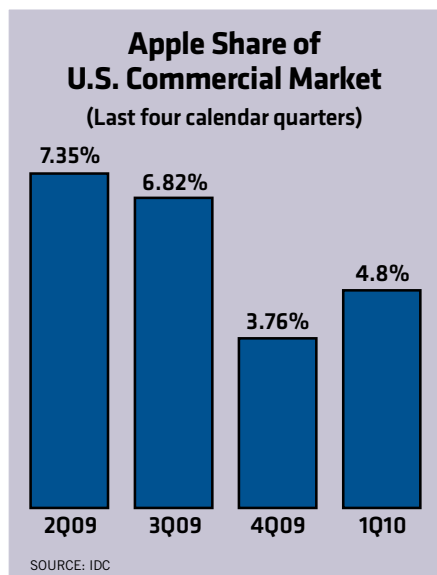
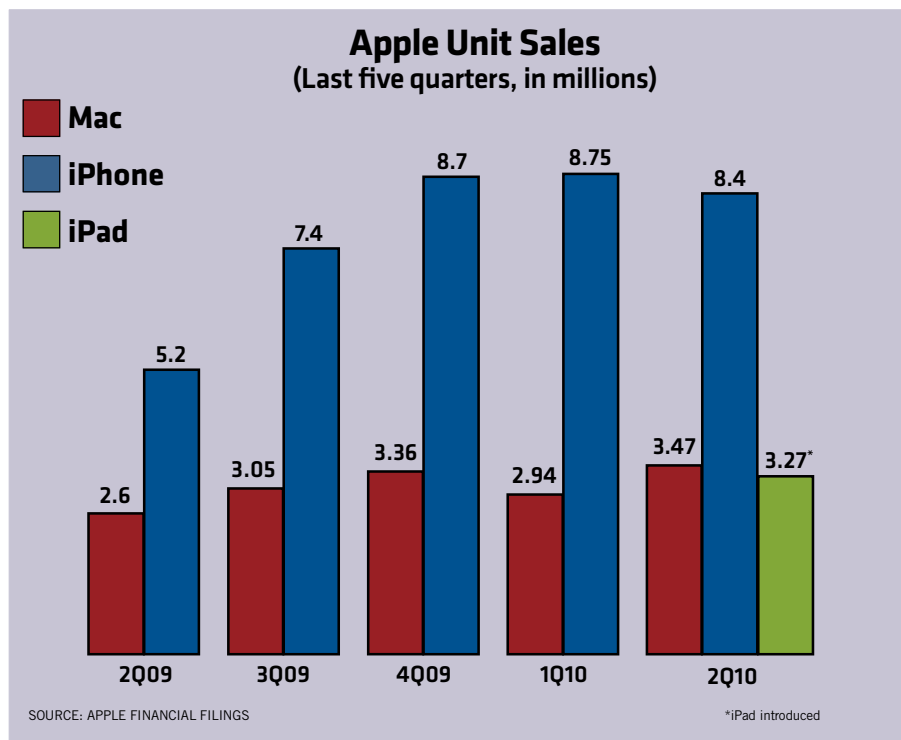
Karpowich isn't aware of any off-the-shelf solutions to connect iOS-based devices to Microsoft Dynamics, and there have been too few inquiries to justify creating a solution. "If we were seeing 20 to 30 percent of our clients showing interest, we'd probably do it," rather than the 5 percent Karpowich currently sees. But in roughly six months, he could be getting enough interest to become involved in application development. Growth in cloud computing could also make integration of Apple devices on the front end far easier.

### BACK TO APPLE REALITY

Of course, a VAR might already see enough activity, or simply want to prepare for a perceived market opportunity. Although there is a strong tie between such creative industries as video, graphics, and sound editing, Macs are a "pretty strong player" as a general-purpose business computer for small and midsize businesses, according to Richard Shim, research director at IDC.

"It tends to be these smaller shops," Shim says. "They think they're putting the emphasis on convenience." So a VAR must focus on creating that purchase and support experience for the customer. As with its other businesses, Apple focuses on a premium product positioning, so buyers become accustomed to paying for what they want.

Even though the products come at a premium price, however, they offer low margin. DPI's Koester estimates that her



firm gets 2 percent on machine sales today vs. the 20 percent she made when she started in 1994. That said, her firm, which is one of the few authorized to sell iPads as well as Macs, has been seeing “huge orders from companies that have never ordered Apple before.”

Still, value-added services are the key to revenue and profit. But you have to understand the context of how Apple products are used. For example, Koester has had clients that want to deliver video presentations to iPads. That becomes an opportunity to sell an Xsan, which is Apple’s storage area network.

“Some people say they already have a SAN in place and they want to do video on it,” says Koester, but she still suggests using Xsan. “It’s a little more complicated and it may not flow the way you want. It’s so much data and streaming so fast ... you don’t want to deal with a whole network to get the video project out in the morning.”

It can be hard to get authorized for Apple products. “Hundreds of applications are now coming in,” says Koester, who is on an Apple advisory board.

Schuler agrees that pursuing authorization can be tedious, and characterizes it as “a lot of paperwork, a lot of follow-up.” He also notes that it was the hardest product line he’s found in which to become authorized: “They don’t seem to have any interest in helping a technology company that doesn’t have an Apple presence to develop one.” Authorization for Macs doesn’t mean authorization for iPads, however, which receive so much attention from the market these days.

It is possible to get started without au-



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PRESIDENT AND CEO  
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thorization. Schuler originally hired someone with Mac experience who then became the technical resource that allowed Cal Net to take on accounts that used Macs. “As we grew more comfortable, we hired a guy on our management team a couple of years ago who has a lot of Mac experience. He’s the one who headed up our getting official with Apple.”

## APPLE AND THE CHANNEL

There can be channel conflict, but the worst of it ended a couple of years ago, according to Koester. “Out of all the products we sell, Apple is the best partner out there,” she says. “They still allow us to make money. They provide us with marketing funds.”

However, channel conflict for the SMB market could rise. Apple looks to hire engineer positions in as many as a dozen stores to cater to small businesses, according to a *Wall Street Journal* report this past summer. The company has also been recruiting internally for staff to negotiate pricing and leasing for business customers.

A big difficulty for any VAR or integrator interested in supporting Apple products is finding experienced technical people. “We’ve got four positions [open] right now,” Koester says. “We’re also willing to train and will invest. But [finding] the Apple system engineer who’s high level, who holds certification? It’s hard.”

Then there can be support complications, which seems ironic given the Mac’s reputation for being trouble free. “They’re less prone to issues,” Schuler says, “but when there are issues, getting support for them is [harder] because there are fewer people trained.” Replacement parts are also more expensive, and it’s impossible to open the popular iMac models to swap components with the ease of a PC.

Ultimately, given the popularity of Apple’s consumer electronics, the halo effect, and the advance of cloud computing, the troubles may be worth undertaking. How much is a foot in the door of the future worth?

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## KEY TAKEAWAYS

- **SMB CLIENTS** more frequently expect Apple support from vendors.
- **THE POPULARITY OF iPADS AND IPHONES** has caused key executives at many companies to move to Macs.
- **GETTING AUTHORIZED** by Apple takes persistence.
- **MARGINS ON HARDWARE** are low, so profit is in services.
- **FINDING EXPERIENCED TECHNICIANS** can be challenging.

## FOR MORE INFORMATION

- **APPLE CHANNEL PROGRAMS** The company’s site for resellers interested in becoming authorized. <http://channelprograms.apple.com/channel>
- **APPLEINSIDER** A news site about all Apple product lines. [www.appleinsider.com](http://www.appleinsider.com)
- **MACINTOUCH** A site that focuses on Macintosh technical, business, and consumer news. [www.macintouch.com](http://www.macintouch.com)
- **MACTRACKER** Detailed information on all products Apple has ever made. <http://mactracker.dreamhosters.com>